State of Missouri
Office of Secretary of State

Case No. AP-07-41

IN THE MATTER OF:

STEPHEN M. COLEMAN, CRD #1004434;
DAEDALUS CAPITAL, LLC, CRD #112705; and
CHICKEN LITTLE FUND GROUP, CRD #135592,

Respondents.

Serve all at:

500 North Broadway
Suite 1450
St. Louis, Missouri 63102

Order of Referral for Findings of Fact and Conclusions of Law Regarding Revocation of Registration

On October, 17, 2007, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Division"), through its Chief Enforcement Counsel, Lori Neidel, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties and Costs Should Not Be Imposed and Order to Refer to Administrative Hearing Commission for Revocation of Registration (the "Petition"). After reviewing the Petition, the Commissioner issues the following order:

I. ALLEGED FACTS FORMING BASIS OF REFERRAL

1. Daedalus Capital, LLC ("Daedalus") was formed on August 23, 1994, as a limited liability company in the State of Missouri. Daedalus is a Missouri-registered investment adviser with an address of 500 North Broadway, Suite 1450, St. Louis, Missouri 63102. Daedalus is registered in Missouri through the Central Registration Depository System ("CRD") maintained by the Financial Industry Regulatory Authority with CRD Number 112705. Daedalus was previously registered with the U.S. Securities and Exchange Commission ("SEC"). Daedalus is the super-majority shareholder and the investment adviser of Chicken Little Fund Group ("CLFG").

2. CLFG is a Missouri-registered investment adviser with an address of 500 North Broadway, Suite 1450, St. Louis, Missouri 63102. CLFG is registered in Missouri through the CRD with Number 135592. CLFG was incorporated in Missouri on December 15, 2004, to engage in the business of forming and sponsoring mutual funds.

3. Stephen M. Coleman ("Coleman") is a Missouri-registered investment adviser representative with a business address at 500 North Broadway, Suite 1450, St. Louis, Missouri 63102. Coleman is registered in Missouri through the CRD with Number

1004434, and is a representative of both Daedalus and CLFG. Coleman is the founder, owner and chief investment officer of Daedalus. Coleman is also president, promoter, and director of CLFG. In addition, Coleman served as portfolio manager of the Chicken Little Growth Fund, described more fully below.

4. As used in this document the term "Respondents" refers to Daedalus, CLFG, and Coleman.

5. United Series Trust ("UST") is an open-end investment company incorporated under the laws of Ohio. UST was organized to engage in the business of a registered open-end investment company and is governed by an independent board of directors. UST offers several series of shares of mutual funds to investors.

6. In or about January 2005, Coleman entered into discussions with UST to start a mutual fund. As a result of these discussions, on August 5, 2005, UST organized and began a non-diversified mutual fund series called Chicken Little Growth Fund (the "Growth Fund"). The Growth Fund sought to provide long-term capital appreciation to investors who purchased interests in it. On January 16, 2007, UST discontinued offering shares of the Growth Fund.

7. In January 2005, CLFG filed under SEC Rule 506 a Notice of Sale of Securities pursuant to Regulation D with the SEC and the Division to sell CLFG stock.

8. CLFG entered into a management agreement with UST on July 22, 2005, to act as the sole investment adviser to the Growth Fund. Under this agreement CLFG would receive 2.25% of the average value of the Growth Fund's daily net assets as compensation for services.

9. CLFG also agreed to assume the liability for the Growth Fund's expenses and fees that exceeded 3% of the Growth Fund's average daily net assets through July 31, 2007. The Growth Fund's prospectus filed by UST with the SEC reads, in part, as follows:

> This management fee is higher than the management fee paid by most other mutual funds. However, the advisor contractually has agreed to waive its management fee and/or reimburse expenses so that Total Annual Fund Operating Expenses, excluding brokerage fees and commissions, any 12b-1 fees, borrowing costs . . . taxes and extraordinary expenses, do not exceed 3.00% of the Fund's average daily net assets through the end of its second fiscal year. Each waiver or reimbursement by the advisor is subject to repayment by the Fund within the three fiscal years following the fiscal year in which that particular expense is incurred; provided that the Fund is able to make the repayment without exceeding the 3.00% expense limitation.

10. From August 5, 2005 up to July 31, 2006, the Growth Fund incurred expenses of approximately 35% of its daily net assets. Under the management agreement, CLFG was responsible for payment of the Growth Fund's expenses above 3%, or 32%. According to the Growth Fund's Annual Report dated July 31, 2006, CLFG was responsible for $128,476 in expenses. The Growth Fund was owed $27,852 by CLFG.

11. When CLFG was unable to pay the Growth Fund expenses, the UST board of directors voted to discontinue offering Growth Fund's shares for purchase. On December 1, 2006, The Supplement to the Prospectus and Statement of Additional Information filed by UST with the SEC stated, among other things:

> The advisor to the Fund has indicated that it is currently not able to reimburse the Fund for certain operating expenses as required by the advisor's expenses limitation/reimbursement agreement with the Trust on behalf of the Fund . . . . The advisor has advised the Board of Trustees that it is actively seeking to raise capital to reimburse the Fund for all accrued reimbursable expenses; however there is no guarantee that the advisor will be able to obtain such funds . . . . The Board of Trustees will be forced to consider liquidating the Fund in the event the advisor fails to reimburse the Fund (or to make acceptable arrangements for payment) by December 31, 2006.

12. On December 7, 2006, another Supplement to the Prospectus and Statement of Additional Information was filed again with the SEC, this time stating, among other things, the following:

> On December 4, 2006, the advisor reimbursed the Fund for all outstanding amounts through November 30, 2006. As a result, the Fund again began offering its shares for purchase . . . .

13. A Supplement to the Prospectus and Statement of Additional Information was once again filed by UST with the SEC on January 16, 2007, and stated among other things:

> the Board of Trustees determined to redeem all outstanding shares of Chicken Little Growth Fund and to cease operations of the Fund due to the Board's decision that it is no longer viable to continue the Fund.

14. On January 18, 2007, Coleman sent letters to all investors in CLFG that stated, among other things, the following::

> Chicken Little Growth Fund has ceased operations. The Fund is governed by an independent Board of Directors. The Unified board decided on Tuesday, January 16, 2007 to begin the liquidation process. I was informed by telephone. Several reasons were given. But, the most significant were the regulatory risk to the other assets of the Unified Series Trust, the small amount of assets that had been attracted to the fund, and the uncertainty of available funding for the ongoing cost of operations.

15. On February 8, 2006, a sixty-two (62) year-old Missouri resident ("MR1") used a portion of his retirement funds to purchase two hundred (200) shares of preferred stock of CLFG for twenty thousand dollars ($20,000.00).

16. MR1 had been a client of Daedalus and Coleman for approximately three (3) years before purchasing the CLFG stock. MR1 was not an accredited investor before or at the time he made the CLFG investment.

17. MR1 stated that he requested a low-risk investment because he was retired and living

on a fixed income.

18. Coleman told MR1 that the investment had little or limited risk.

19. MR1 did not receive any dividend payments from his CLFG investment.

20. MR1 received a Private Placement Memorandum ("PPM") for CLFG which stated, among other things, the following:

> The risks and illiquidity of an investment in the Company by the purchase of Shares hereunder make this investment suitable only for investors who have substantial net worth and income. The Shares should be purchased only as a long-term investment, and an investor should be able to afford the complete loss of his or her investment.
>
> The Company will have sole discretion in determining the suitability of this investment for an investor.

21. Coleman did not tell MR1that his investment was dependent upon the success of Growth Fund.

22. On January 11, 2005, a twenty-two (22) year-old Missouri resident (MR2) purchased two hundred twenty-five (225) shares of CLFG, for twenty-two thousand, five hundred dollars ($22,500.00).

23. MR2 had received an inheritance and was referred to Coleman and Daedalus by her father. MR2 is not an accredited or sophisticated investor.

24. MR2 explained to Coleman that she wanted her principal to remain safe so that she could get married and buy a house in the future.

25. Coleman invested half of MR2's funds into CLFG and the other half into various stocks recommended by Coleman.

26. MR2 believed that her purchase of the CLFG stock was actually an investment in the Growth Fund. She received a letter on August 26, 2005, from Coleman that stated, in part, "We are proud to share with you the prospectus for Chicken Little Growth Fund. We hope that you find it suitable for the portion of your assets that seeks long-term capital appreciation in the stock market."

27. MR2 did not understand the relationship between CLFG and the Growth Fund and was confused by the similar names of these entities.

28. MR2 received dividend checks from CLFG of approximately seven hundred dollars ($700.00) each from March 2005 until the payments ceased around March 2006.

29. Around September 22, 2005, a Georgia resident ("GR1") purchased two hundred (200) shares of CLFG preferred stock for twenty thousand dollars ($20,000.00).

30. GR1 was introduced to the CLFG investment through her MetLife financial planner, Don Roman, in Georgia, who was familiar with Coleman.

31. GR1 did not receive a PPM or any other documents regarding her investment in CLFG.

32. GR1 received one (1) dividend payment around December 31, 2005, of six hundred twenty five dollars ($625.00).

33. Around September 21, 2006, GR1 made an additional investment into CLFG of fifty thousand dollars ($50,000.00).

34. On October 1, 2006, Coleman sent a letter to GR1 stating, in part, the following:

> I thank you for your September 21, 2006, investment of $50,000 into Chicken Little Fund Group Inc. Your $50,000.00 investment entitles you to ownership of 1 % of the common stock of Chicken Little Fund Group, Inc. This supplements your prior investment of $20,000.00. In addition, I have stated that it is Daedalus Capital, L.L.C.'s commitment, as the majority shareholder of Chicken Little Fund Group, Inc., to return your $50,000.00 on or before October 21, 2006. After you receive this $50,000.00 payment, your ownership will remain the same.

35. On October 20, 2006, Coleman sent a second letter to GR1 stating, in part, the following:

> On October 1, 2006 I wrote a letter to you regarding the $50,000 investment that you made in Chicken Little Fund Group, Inc. In that letter I stated that Daedalus Capital, L.L.C., as the majority owner of Chicken Little Fund Group, Inc., was committed to returning your initial investment on or before October 21, 2006, which is tomorrow. Today, I must admit that we cannot meet this deadline. A number of factors are to blame.
>
> I ask that you remain patient. There are several positive events taking place in the next thirty days. We should be able to return your capital by November 20, 2006 or sooner. That is our goal. I apologize for the delay.

36. As of October 17, 2007, GR1 had not received a return of any of her investment.

37. CLFG's PPM stated that CLFG had been formed to engage in the business of forming and managing mutual funds. This PPM stated, among other things, the following:

> The proceeds from this offering will be used to form and promote a new mutual fund…The Company intends to use the proceeds from this offering for working capital, reserves, and direct investments in funds formed by the Company.

38. According to the CLFG PPM, CLFG is to pay Daedalus an investment advisory fee of one hundred thousand dollars ($100,000.00) per quarter and additional compensation to Coleman as Portfolio Manager of the Growth Fund of twenty five thousand dollars ($25,000.00) per quarter plus a Founders Fee of twenty five (25) basis points of all assets under management to the extent that assets under management exceed fifty million dollars ($50,000,000.00).

39. Further additional compensation would be paid separately by CLFG to Coleman in the form of a base fee of one hundred thousand dollars ($100,000.00) per year plus a Founders Fee of twenty-five (25) basis points of all assets under management to the extent that the assets exceed fifty million dollars ($50,000,000.00).

40. From December 2004 through September 2006, Daedalus Capital received $580,000, and Coleman received $145,000, from CLFG. This amount represents approximately sixty percent (60%) of all funds received by CLFG.

41. From June 2006 through September 2006, Coleman made wire transfers of funds in the amount of $115,000 from CLFG to Daedalus Alpha, and then the same amounts were wired to Coleman's personal account shortly thereafter. Daedalus Alpha is a Daedalus product featuring investment opportunities in a portfolio of up to five stocks. Daedalus Alpha is not related to CLFG.

42. Two prior civil judgments have been entered against Coleman for breaches of contract. Daedalus and Coleman were named in a suit for non-payment of promissory notes in the amount of seven hundred thousand dollars ($700,000.00), in 1997. Coleman and Daedalus entered into a consent judgment for the repayment of those funds in June 1997. Another cause of action was filed in 1997 against Coleman and a related entity arising from the non-payment of a short term loan agreement that Coleman had personally guaranteed for one of his businesses, Daedalus Entertainment. Coleman entered into a consent judgment with the plaintiff for forty-seven thousand two hundred and fifty dollars ($47,250.00). Coleman failed to pay the amount agreed upon in the second consent judgment. A "garnishment and writ of execution" was entered against Stephen Coleman and Daedalus Entertainment.

43. An order is in the public interest and consistent with the purposes intended by this act.

II. APPLICABLE STATUTES AND REGULATIONS

44. Section 409.6-601(a), RSMo. (Cum. Supp. 2006), reads in part as follows: "This [Missouri Securities Act of 2003] shall be administered by the commissioner of securities who shall be appointed by and under the direction of the secretary of state . . ."

45. Section 409.1-102(26), RSMo. (Cum. Supp. 2006), defines "offer to sell" as "every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value."

46. Section 409.1-102(28), RSMo. (Cum. Supp. 2006), defines a "security" to include a stock.

47. Section 409.3-301, RSMo. (Cum. Supp. 2006), states:

> It is unlawful for a person to offer or sell a security in this state unless:
>
> (1) The security is a federal covered security;
>
> (2) The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or

(3) The security is registered under this act.

48. Section 409.4-412, RSMo. (Cum. Supp. 2006), states in part as follows:

> (a) If the commissioner finds that the order is in the public interest and subsection (d) authorizes the action, an order issued under this act may deny an application, or may condition or limit registration: (1) of an applicant to be a broker-dealer, agent, investment adviser, or investment adviser representative, and (2) if the applicant is a broker-dealer or investment adviser, of any partner, officer, director, person having a similar status or performing similar functions, or person directly or indirectly controlling the broker-dealer or investment adviser.
>
> (b) If the commissioner finds that the order is in the public interest and subsection (d) authorizes the action an order issued under this act may revoke, suspend, condition, or limit the registration of a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser. However, the commissioner:
>
> (1) May not institute a revocation or suspension proceeding under this subsection based on an order issued by another state that is reported to the commissioner or designee later than one year after the date of the order on which it is based; and
>
> (2) Under subsection (d)(5)(A) and (B), may not issue an order on the basis of an order under the state securities act of another state unless the other order was based on conduct for which subsection (d) would authorize the action had the conduct occurred in this state.
>
> (c) If the commissioner finds that the order is in the public interest and subsection (d)(1) to (6), (8), (9), (10), or (12) and (13) authorizes the action, an order under this act may censure, impose a bar, or impose a civil penalty in an amount not to exceed a maximum of five thousand dollars for a single violation or fifty thousand dollars for several violations on a registrant and if the registrant is a broker-dealer or investment adviser, any partner, officer, or director, any person having similar functions or any person directly or indirectly controlling the broker-dealer or investment adviser.
>
> (d) A person may be disciplined under subsections (a) to (c) if the person:
>
> . . .
>
> (2) Willfully violated or willfully failed to comply with this act or the predecessor act or a rule adopted or order issued under this act or the predecessor act within the previous ten years;
>
> . . .
>
> (13) Has engaged in dishonest or unethical practices in the securities,

commodities, investment, franchise, banking, finance, or insurance business within the previous ten years; or . . . .

. . .

(k) If a proceeding is instituted to revoke or suspend a registration of any agent, broker-dealer, investment adviser, or investment adviser representative pursuant to subsection (b), the commissioner shall refer the matter to the administrative hearing commission. The administrative hearing commission shall conduct hearings and make findings of fact and conclusions of law in such cases. The commissioner shall have the burden of proving a ground for suspension or revocation pursuant to this act. The administrative hearing commission shall submit its findings of fact and conclusions of law to the commissioner for final disposition.

49. MO 15 CSR 30-51.172, Dishonest or Unethical Business Practices by Investment Advisers and Investment Adviser Representatives, states in part as follows:

(1) Grounds for the discipline or disqualification of investment advisers or investment adviser representatives (adviser) shall include, in addition to other grounds specified in section 409.4-412(d) of the Missouri Securities Act of 2003 (the Act), the following "dishonest or unethical practices in the securities business."

(A) Recommending to a client to whom investment, supervisory, management, or consulting service are provided that he/she purchase, sell, or exchange any security, commodity, or other investment when the adviser does not have reasonable grounds to believe that the recommendation is suitable for the client on the basis of information furnished by the client after reasonable inquiry concerning the client's overall portfolio, investment objectives, financial situation and needs, investment experience, and any other information known by the adviser,

. . .

(L) Rendering advice to a client before making written disclosure to that client about any material conflict of interest relating to the adviser, its representative, or any of its employees, when that conflict could reasonably be expected to impair the rendering of unbiased and objective advice including:

1. Compensation arrangements connected with advisory services to clients which are in addition to compensation from those clients for such services; and

2. Charging a client an advisory fee for rendering advice when the adviser or its employees will also receive a commission for executing securities transactions pursuant to that advice;

. . .

(M) Failing to disclose to any client or prospective client all material facts with respect to:

1. Any financial condition of the adviser that is reasonably likely to impair the ability of the adviser to meet contractual commitments to clients, if the adviser has discretionary authority (express or implied) or custody over such client's funds, assets, or securities, or requires payment of advisory fees six (6) or more months in advance and in excess of five hundred dollars ($500) per client; or

2. Any legal or disciplinary event that is material to an evaluation of the adviser's integrity or ability to meet contractual commitments to clients . . . .

50. Section 409.6-604(a), RSMo. (Cum. Supp. 2006), states:

> If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act . . . the commissioner may:
>
> (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act . . . .

51. Section 409.6-610, RSMo. (Cum. Supp. 2006), reads in pertinent part as follows:

> (a) Sections 409.3-301 [and] 409.5-501 . . . do not apply to a person that . . . offers to sell a security unless the offer to sell . . . is made in this state . . . .
>
> (c) For the purpose of this section, an offer to sell . . . is made in this state, whether or not either party is then present in this state, if the offer:
>
> . . .
>
> (2) Originates from within this state . . . .

III. GROUNDS FOR REVOCATION OF REGISTRATION

Multiple Acts of Dishonest or Unethical Business Practice by an Investment Adviser and Investment Adviser Representative

52. Paragraphs 1 through 51 are incorporated by reference as though fully set forth herein.

Unsuitable Recommendations

53. Recommending to a client to whom investment services are provided that he or she

purchase any security when the adviser does not have reasonable grounds to believe that the recommendation is suitable for the client is a dishonest or unethical business practice under MO 15 CSR 30-51.172(1)(A).

54. CLFG was registered as a Regulation D offering under Rule 506 and as such, was limited to investors meeting the accredited investor standard or to investors who, not meeting the accreditation standard, nonetheless have such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment.

55. CLFG was a risky investment and suitable only for those who could withstand loss.

56. CLFG was an unsuitable investment for MR1 and MR2 for the following reasons, including but not limited to:

    a. MR1 and MR2 were unaccredited investors and did not have such knowledge and experience in financial and business matters to evaluate the merits and risks of CLFG.

    b. MR1 and MR2 both wanted safety and needed such in their investments.

57. Coleman recommended that MR1 and MR2 purchase CLFG stock.

58. When Coleman, acting as an investment adviser representative of Daedalus, made the unsuitable recommendations to MR1 and MR2 to purchase CLFG stock, Coleman and Daedalus violated MO 15 CSR 30-51.172(1)(A).

59. A violation of MO 15 CSR 30-51.172(1)(A) is an unethical business practice under Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), and is grounds for discipline pursuant to Section 409.4-412(b), RSMo. (Cum. Supp. 2006).

Failure to Disclose Material Facts Regarding an Advisor's Financial Condition

60. Failure to disclose all material facts with respect to any financial condition of the adviser that is reasonably likely to impair the ability of the adviser to meet contractual commitments to clients is a dishonest or unethical business practice under MO 15 CSR 30-51.172(1)(M)(1).

61. Under the management agreement described in paragraphs 9 through 13, above, CLFG was obligated to pay for the Growth Fund's expenses exceeding 3% of the daily net assets until July 31, 2007.

62. Coleman and CLFG failed to disclose to GR1 the material fact that CLFG had insufficient assets to meet its contractual obligation under the management agreement to pay the Growth Fund's expenses.

63. Coleman and CLFG violated MO 15 CSR 30-51.172(1)(M)(1) when this material fact was not disclosed to GR1.

64. A violation of MO 15 CSR 30-51.172(1)(M)(1) is an unethical business practice

under Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), and is grounds for discipline pursuant to Section 409.4-412(b), RSMo. (Cum. Supp. 2006).

Failure To Disclose Material Facts Regarding Legal Events Related To An Adviser

65. Failure to disclose any legal event that is material to an evaluation of the adviser's integrity or ability to meet contractual commitments to clients is a dishonest or unethical business practice under MO 15 CSR 30-51.172(1)(M)(2).

66. Coleman failed to disclose to MR1 and MR2, among other things:

    a. a prior civil judgment in November 1997 that resulted in a "garnishment and writ of execution" being filed against him due to his failure to pay the judgment; and

    b. that Daedalus and Coleman entered into a consent judgment in June 1997, whereby Coleman and Daedalus were jointly and severally liable for defaulting on a seven hundred thousand dollar ($700,000.00) promissory note.

67. Defaulting on a promissory note and failing to pay a judgment resulting in a "garnishment and writ of execution" for collection, are legal events that are material to an evaluation of the integrity of Coleman and/or Daedalus.

68. Coleman and Daedalus violated MO 15 CSR 30-51.172(1)(M)(2) when these legal events were not disclosed.

69. A violation of 15 CSR 30-51.172(1)(M)(2) is an unethical business practice under Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), and is grounds for discipline pursuant to Section 409.4-412(b), RSMo. (Cum. Supp. 2006).

Failures To Make Written Disclosure Of Material Conflicts Of Interest

70. Rendering advice to a client before making written disclosure to that client about any material conflict of interest relating to the adviser when that conflict could reasonably be expected to impair the rendering of unbiased and objective advice is a dishonest or unethical business practice under MO 15 CSR 30-51.172(1)(L).

71. A material conflict of interest existed that could reasonably be expected to impair the rendering of unbiased and objective advice in Coleman's dual role as the president of CLFG and as investment adviser representative of Daedalus, when Coleman rendered advice to a Daedalus client, MR1, to purchase CLFG stock knowing that CLFG's funds were needed to pay the Growth Fund's expenses, and that if CLFG lacked sufficient funds to meet the Growth Fund's expenses, UST would discontinue the Growth Fund.

72. This conflict could reasonably impair Coleman from rendering unbiased and objective advice to MR1.

73. Coleman did not make written disclosure of this conflict of interest to MR1.

74. Coleman's failure to make a written disclosure of this conflict of interest in the rendering of advice to MR1 to purchase CLFG stock is a violation of MO 15 CSR 30-51.172(1)(L).

75. A violation of MO 15 CSR 30-51.172(1)(L) is an unethical business practice under Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), and is grounds for discipline pursuant to Section 409.4-412(b), RSMo. (Cum. Supp. 2006).

Failure to Make Written Disclosure of Material Conflicts of Interest Related to Adviser Compensation

76. Rendering advice before making written disclosure to that client about any material conflict of interest relating to compensation arrangements connected with advisory services to clients which are in addition to compensation from those clients for such services is a dishonest or unethical business practice under MO 15 CSR 30-51.172(1)(L)(1).

77. Coleman, as portfolio manager of the Growth Fund, was eligible to receive compensation in the form of a Founders Fee of twenty-five (25) basis points on assets under management, and was also to receive the same compensation from CLFG as well. Thus, the more money from investors Coleman attracted to CLFG and the Growth Fund from his recommendation to purchase CLFG stock and Growth Fund shares, the more compensation Coleman could gain.

78. Coleman did not make written disclosure of these compensation arrangements when he rendered advice to purchase CLFG stock and Growth Fund shares to a Daedalus client, MR1.

79. Coleman's failure to make a written disclosure of a material conflict of interest related to Coleman's compensation arrangement is a violation of MO 15 CSR 30-51.172(1)(L)(1).

80. A violation of MO 15 CSR 30-1.172(1)(L)(1) is an unethical business practice under Section 409.4-412(d)(13), RSMo. (Cum. Supp. 2006), and subject to discipline pursuant to Section 409.4-412(b), RSMo. (Cum. Supp. 2006).

IV. ORDER

NOW, THEREFORE, it is hereby ordered that, based upon facts alleged in the Petition and specifically restated herein, and given the grounds for revocation of registration stated herein, this matter is referred to the Office of the Attorney General under Sections 409.4-412(b), (d) and (k), RSMo. (Cum. Supp. 2006), for the filing of a petition for revocation of the registration of all Respondents hereto.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 25TH DAY OF OCTOBER, 2007.

ROBIN CARNAHAN
SECRETARY OF STATE

State of Missouri
Office of Secretary of State

(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES

Case No. AP-07-41

IN THE MATTER OF:

STEPHEN M. COLEMAN, CRD #1004434;
DAEDALUS CAPITAL, LLC, CRD #112705; and
CHICKEN LITTLE FUND GROUP, CRD #135592,

Respondents.

Serve all at:

500 North Broadway
Suite 1450
St. Louis, Missouri 63102

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2006), and 15 CSR 30-55.020.

A request for a hearing must be mailed or delivering, in writing, to:

Matthew D. Kitzi, Commissioner of Securities
Office of the Secretary of State, Missouri
Kirkpatrick State Information Center
600 West Main Street, Room 229
Jefferson City, Missouri, 65102.

CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of October, 2007, copies of the foregoing Order in the above styled case was **mailed by certified U.S. Mail, postage prepaid, to:**

Stephen M. Coleman
500 North Broadway
Suite 1450
St. Louis, Missouri 63102

Daedalus Capital, LLC
500 North Broadway
Suite 1450

St. Louis, Missouri 63102

Chicken Little Fund Group
500 North Broadway
Suite 1450
St. Louis, Missouri 63102

And hand delivered to:
Lori Neidel
Chief Enforcement Counsel
Missouri Securities Division

John Hale
Specialist